



Polski Koncern Naftowy ORLEN
Spółka Akcyjna
Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2010

The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 10 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the unconsolidated financial statements
for the financial year ended
31 December 2010



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This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Polski Koncern Naftowy ORLEN Spółka Akcyjna

We have audited the accompanying unconsolidated financial statements of Polski Koncern Naftowy ORLEN Spółka Akcyjna seated in Płock, 7 Chemików Street ("PKN ORLEN S.A", "the Company"), which comprise the unconsolidated statement of financial position as at 31 December 2010, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory information.

Management's and Supervisory Board's Responsibility for the Financial Statements

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of these unconsolidated financial statements in accordance with International Financial Reporting Standards, as adopted by European Union and with other applicable regulations and preparation of the Report on the Company's activities. Management of the Company is also responsible for such internal control as management determines is necessary to enable the preparation of the unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) ("the Accounting Act"), Management of the Company and members of the Supervisory Board are required to ensure that the unconsolidated financial statements and the Report on the Company's activities are in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

Our responsibility, based on our audit, is to express an opinion on these unconsolidated financial statements and whether the unconsolidated financial statements are derived from properly maintained accounting records. We conducted our audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the unconsolidated financial statements and the accounting records from which they are derived are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the unconsolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the unconsolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the unconsolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying unconsolidated financial statements of Polski Koncern Naftowy ORLEN S.A. have been prepared and present fairly, in all material respects, the unconsolidated financial position of the Company as at 31 December 2010 and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Company's articles of association that apply to the Company's unconsolidated financial statements and have been prepared from accounting records, that, in all material respects, have been properly maintained.

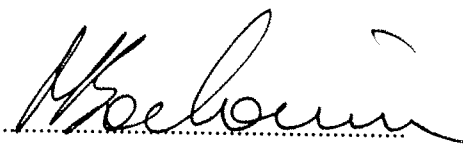
Other Matters

As required under the Accounting Act, we also report that the Report on the Company's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) and the information is consistent with the unconsolidated financial statements.

On behalf of KPMG Audyt Sp. z o.o.
registration number 458
ul. Chłodna 51, 00-867 Warsaw



Certified Auditor no.10427
Marta Zemka



Certified Auditor no.10268
Director
Monika Bartoszewicz

29 March 2011
Warsaw



TRANSLATION

**Polski Koncern Naftowy ORLEN
Spółka Akcyjna**

**Report supplementing
the auditor's opinion
on the unconsolidated
financial statements
Financial Year ended
31 December 2010**

The report supplementing the auditor's opinion
contains 10 pages
Report supplementing the auditor's opinion
on the unconsolidated financial statements
for the financial year ended
31 December 2010



Polski Koncern Naftowy ORLEN Spółka Akcyjna
*Report supplementing the opinion on the unconsolidated financial statements
for the financial year ended 31 December 2010*

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1. General

1.1. General information about the Company

1.1.1. Company name

Polski Koncern Naftowy ORLEN Spółka Akcyjna (PKN ORLEN S.A.)

1.1.2. Registered office

7 Chemików Street
09-411 Płock

1.1.3. Registration in the National Court Register

Registration court:	District Court for the Capital City Warsaw in Warsaw, XIV Commercial Department of the National Court Register
Date:	19 July 2001
Registration number:	KRS 0000028860
Initial capital as at balance sheet date:	PLN 534,636,000

1.1.4. Management of the Company

The Management Board is responsible for management of the Company.

At 31 December 2010, the Management Board of the Company was comprised of the following members:

- | | |
|------------------------|--|
| • Dariusz Krawiec | – President of the Management Board, Chief Executive Officer, |
| • Sławomir Jędrzejczyk | – Vice-President of the Management Board, Chief Financial Officer, |
| • Wojciech Kotlarek | – Member of the Management Board, Sales, |
| • Krystian Pater | – Member of the Management Board, Refinery, |
| • Marek Serafin | – Member of the Management Board, Petrochemistry. |

1.2. Auditor information

1.2.1. Key certified auditor information

Name and surname:	Monika Bartoszewicz
Registration number:	10268

Name and surname:	Marta Zemka
Registration number:	10427





1.2.2. Audit firm information

Name: KPMG Audyt Sp. z o.o.
Registered office: Warsaw
Address: ul. Chłodna 51, 00-867 Warsaw
Registration number: KRS 0000104753
Registration court: District Court for the Capital City Warsaw in Warsaw,
XII Commercial Department of the National Court Register
Share capital: PLN 125,000
NIP number: 526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of audit firms under number 458.

1.3. Prior period financial statements

The unconsolidated financial statements for the period ended 31 December 2009 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The unconsolidated financial statements were approved at the General Meeting on 25 June 2010 where it was resolved to allocate the profit for the prior financial year of PLN 1,635,885,461.24 to reserve capital.

The unconsolidated financial statements were submitted to the Registry Court on 14 July 2010 and were published in Monitor Polski B No. 2198 on 3 November 2010.

1.4. Audit scope and responsibilities

This report was prepared for the General Meeting of PKN ORLEN S.A., seated in Płock, 7 Chemików Street and relates to the unconsolidated financial statements comprising: the unconsolidated statement of financial position as at 31 December 2010, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory information.

The audited Company prepares its unconsolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of the Extraordinary General Meeting of Polski Koncern Naftowy ORLEN S.A. dated 30 December 2004.

The unconsolidated financial statements have been audited in accordance with the contract dated 12 April 2010, concluded on the basis of the resolution of the Supervisory Board dated 8 December 2009 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the unconsolidated financial statements in the Company's head office during the period from 6 December 2010 to 17 December 2010 and from 24 January 2011 to 29 March 2011. The audit was preceded by quarterly reviews

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the Report on the Company's activities.

Our responsibility is to express an opinion and to prepare a supplementing report on the unconsolidated financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit.

Management of the Company submitted a statement dated the same date as this report as to the true and fair presentation of the unconsolidated financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the unconsolidated financial statements.

All required statements, explanations and information and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

Key certified auditors and KPMG Audyt Sp. z o.o. fulfill independence requirements as described in Art. 56 points 3 and 4 of the Act on certified auditors and their government, audit firms and public oversight dated 7 May 2009 (Official Journal No. 77, item 649).

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Sp. z o.o.



2. Financial analysis of the Company

2.1. Summary of the unconsolidated financial statements

2.1.1. Unconsolidated statement of financial position

ASSETS	31.12.2010 PLN '000	% of total	31.12.2009 PLN '000	% of total
Non-current assets				
Property, plant and equipment	12,379,779	31.0	11,080,017	29.9
Intangible assets	383,190	1.0	128,732	0.4
Perpetual usufruct of land	90,812	0.2	90,209	0.2
Shares in related parties	11,529,773	28.9	11,333,136	30.6
Financial assets available for sale	40,828	0.1	32,078	0.1
Deferred tax assets	198,686	0.5	286,421	0.8
Other non-current assets	40,803	0.1	56,103	0.2
Total non-current assets	24,663,871	61.8	23,006,696	62.2
Current assets				
Inventories	7,450,787	18.7	7,298,656	19.7
Trade and other receivables	5,853,469	14.7	4,606,935	12.5
Other short-term financial assets	506,067	1.3	127,925	0.4
Income tax receivable	15,568	0.0	1,105	-
Cash and cash equivalents	1,396,060	3.5	1,964,403	5.3
Non-current assets held for sale	8,236	0.0	10,631	0.0
Total current assets	15,230,187	38.2	14,009,655	37.9
TOTAL ASSETS	39,894,058	100.0	37,016,351	100.0
EQUITY AND LIABILITIES				
	31.12.2010 PLN '000	% of total	31.12.2009 PLN '000	% of total
Equity				
Share capital	1,057,635	2.7	1,057,635	2.9
Share premium	1,227,253	3.1	1,227,253	3.3
Hedging reserve	63,874	0.2	14,850	0.0
Retained earnings	17,190,287	43.1	14,833,160	40.1
Total equity	19,539,049	49.0	17,132,898	46.3
Liabilities				
Interest-bearing loans	7,937,850	19.9	9,971,765	26.9
Provisions	363,053	0.9	348,195	0.9
Other long-term liabilities	49,958	0.1	48,742	0.1
Total long-term liabilities	8,350,861	20.9	10,368,702	28.0
Trade and other liabilities	10,038,858	25.2	8,195,604	22.1
Interest-bearing loans and borrowings	1,164,699	2.9	547,261	1.5
Income tax liability	-	-	5,951	0.0
Provisions	512,570	1.3	471,257	1.3
Deferred income	64,609	0.2	67,070	0.2
Other financial liabilities	223,412	0.6	227,608	0.6
Total short-term liabilities	12,004,148	30.1	9,514,751	25.7
Total liabilities	20,355,009	51.0	19,883,453	53.7
TOTAL EQUITY AND LIABILITIES	39,894,058	100.0	37,016,351	100.0



2.1.2. Unconsolidated statement of comprehensive income

	1.01.2010 - 31.12.2010 PLN '000	% of total sales	1.01.2009 - 31.12.2009 PLN '000	% of total sales
Income statement				
Sales revenue	62,215,581	100.0	47,481,278	100.0
Cost of sales	(57,045,562)	91.7	(44,159,182)	93.0
Gross profit on sales	5,170,019	8.3	3,322,096	7.0
Distribution expenses	(1,824,472)	2.9	(1,777,646)	3.7
General and administrative expenses	(584,243)	0.9	(626,834)	1.3
Other operating revenues	303,637	0.5	638,428	1.3
Other operating expenses	(308,114)	0.5	(765,738)	1.6
Profit from operations	2,756,827	4.4	790,306	1.7
Financial revenues	527,993	0.9	1,756,368	3.7
Finance expenses	(458,496)	0.7	(638,862)	1.4
Financial revenues and expenses	69,497	1.6	1,117,506	5.1
Profit before tax	2,826,324	4.5	1,907,812	4.0
Income tax expense	(469,197)	0.8	(271,927)	0.6
Net profit	2,357,127	3.8	1,635,885	3.5
Items of other comprehensive income				
Hedging instruments valuation	25,502	0.0	(3,880)	0.0
Hedging instruments settlement	35,021	0.1	146,024	0.3
Deferred tax on other comprehensive income items	(11,499)	0.0	(27,007)	0.1
Items of other comprehensive income	49,024	0.1	115,137	0.2
Total comprehensive income	2,406,151	3.9	1,751,022	3.7
Net profit and diluted net profit per share (in PLN per share)	5.51		3.82	





2.2. Selected financial ratios

	2010	2009	2008
1. Return on sales			
$\frac{\text{profit for the period} \times 100\%}{\text{revenue}}$	3.8%	3.5%	negative value
2. Return on equity			
$\frac{\text{profit for the period} \times 100\%}{\text{equity} - \text{profit for the period}}$	13.7%	10.6%	negative value
3. Debtors' days			
$\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{revenue}}$	29 days	30 days	25 days
4. Debt ratio			
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	51.0%	53.7%	51.9%
5. Current ratio			
$\frac{\text{current assets}}{\text{current liabilities}}$	1.3	1.5	0.8

- Net revenues are comprised of the sale of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, excluding allowances for receivables.

The above financial ratios do not indicate the existence of conditions which may have a significant negative impact on the financial position and financial performance of the Company and its ability to continue as a going concern in a foreseeable future.

3. Detailed report

3.1. Proper operation of the accounting system

The Company maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act.

During the audit of the unconsolidated financial statements, we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified material irregularities in the accounting system which have not been corrected and that could have a material impact on the unconsolidated financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Company performed a physical verification of assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act.

3.2. Notes to the unconsolidated financial statements

All information included in the notes to the unconsolidated financial statements, comprising of a summary of significant accounting policies and other explanatory notes, is, in all material respects, presented accurately and completely. This information should be read in conjunction with the unconsolidated financial statements.

3.3. Report on the Company's activities

The Report on the Company's activities includes, in all material respects, information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) and the information is consistent with the unconsolidated financial statements.





3.4. Information on the opinion of the independent auditor

Based on our audit of the unconsolidated financial statements as at and for the year ended 31 December 2010, we have issued an unqualified opinion.

On behalf of KPMG Audyt Sp. z o.o. registration
number 458
ul. Chłodna 51, 00-867 Warsaw

.....
Certified Auditor no.10427
Marta Zemka

.....
Certified Auditor no.10268
Director
Monika Bartoszewicz

29 March 2011
Warsaw